

Amendment 2304 to Donate Vehicles Traded In To Poor Families in the Community and to Charities

- **Lack of Adequate Transportation Disproportionately Hits the Poor, Minorities, and Those Living in Rural Areas**
- **This amendment helps the poor and charities in a time of need.**
- **This amendment is environmentally friendly.**
- **This amendment prevents the needless destruction of hundreds of millions of dollars in assets.**

The “Cash for Clunkers” program (Clunkers) currently requires all vehicle trade-ins to be destroyed and even prohibits the selling of certain car parts like the engine.¹ This is even true for cars that are in great condition and new cars that have low gas mileage. In fact, in a dealership in El Reno, OK, one truck that had to be destroyed had an almost new engine with less than 10,000 miles.

This requirement unfairly hurts the poor and many of the charities that fill an important need in serving the poor.

This amendment would ensure such needless destruction is not required anymore at the expense of the poor and charities and that, instead, traded-in vehicles may be donated to charities and poor families within the community and continue to serve a useful purpose in our society.

Lack of Adequate Transportation Disproportionately Hits the Poor, Minorities, and Those Living in Rural Areas

According to numerous studies, a lack of adequate transportation can serve as a barrier to necessary health care treatment.

According to the National Rural Health Association,

“In many parts of rural America, private automobiles are the only source of transportation. Public transit is non-existent, as are taxicabs and other

¹ P.L. 111-32 Section 1302(c)(2)

transportation for hire. Consequently, many rural residents—especially low-income residents—face great difficulty in going to the dentist or any other service provider.”²

The National Institutes of Health also found that “transportation issues such as distance and mode of transportation” can act as a barrier to receiving cancer treatment.³

A recent report released by *HealthCareforAmericaNow.org*” concludes that transportation barriers disproportionately affect Americans of color, as “Hospitals are often located far from communities of color, without adequate public transportation.”⁴

The poor in America are also experiencing the largest increase in transportation costs as a percentage. From 1992 to 2000, Americans with annual salaries between \$10,000 and \$20,000 per year saw a more-than 50 percent increase in transportation costs, while those with salaries in excess of \$50,000 experienced less than a 20 percent increase. African-Americans witnessed an increase in transportation costs of 62.5 percent from 1990 to 2000.⁵

Instead of hurting those disproportionately affected by a lack of adequate transportation, Congress should ensure that traded-in vehicles can serve an important purpose in addressing inadequate transportation in communities throughout America. This amendment would allow car dealers to donate traded-in vehicles to families that can prove the need for a vehicle, but lack the resources to purchase an automobile.

This amendment helps the poor and charities in a time of need

Instead of destroying wealth, these cars should at the very least be donated to families and charities suffering during the economic hard times.

While many Americans are in need during these difficult times, charities have also felt the pinch and seen a large decrease in fundraising. According to a

² <http://74.125.47.132/search?q=cache:a5KSAJQNBK4J:www.ruralhealthweb.org/index.cfm%3Fobjectid%3D3FA06195-1185-6B66-883263BC28ABA0A4+number+of+americans+without+adequate+transportation+health+care&cd=15&hl=en&ct=clnk&gl=us>

³ <http://gateway.nlm.nih.gov/MeetingAbstracts/ma?f=102222368.html>

⁴ <http://www.bloomingtonalternative.com/articles/2009/07/26/10071>

⁵ “The Geography of Urban Transportation,”

BusinessWeek story, nonprofits have seen a sharp drop in funding since the previous summer, while many have also experienced increasing demand for the services they offer. “The problems are only expected to get worse... Foundation endowments have already lost 30% on average since the beginning of 2008 as stock markets tumbled...”⁶

And yet, **the Clunkers program has had the unintended effect of hurting many of these charities and the poor.**

Charities are, in fact, seeing a significant decrease in car donations, which can make up a significant portion of their revenue. A recent news article notes, that in Texas “donations to Cars for Kids have been off by nearly a third since Cash for Clunkers started,” and that “used-car dealers are also suffering, with some reporting sales down by nearly 30 percent.”⁷

Many charities accept car donations and over 1 million automobiles (cars and trucks), boats, trailers, RV's, motorcycles and other vehicles have supported non-profit charitable causes across America. Donated cars are normally either sold at an auction or for their parts. The revenue from these sales plays a critical role in raising funds.

One Website, DonateACar.com, provides Americans with the opportunity to easily donate vehicles in all 50 states to hundreds of different charities – from the Boy Scouts of America to the Humane Society in Greater Kansas City, to the Seattle Lighthouse for the Blind. From their Website:

“Our auto donation for charity program makes a difference every day for thousands of charities and causes nationwide.”⁸

Enabling charities to benefit from this program makes sense and provides a worthy use of these traded-in vehicles. This amendment would provide a lift to these non-profits and for the Americans they serve and employ by allowing for these traded-in vehicles to be donated to 501(c)(3) organizations.

This amendment is environmentally friendly

A recent *ABC News* story on Clunkers finds the following:

⁶ http://www.businessweek.com/bwdaily/dnflash/content/feb2009/db2009023_054458.htm

⁷ <http://www.nbcdfw.com/news/local-beat/Cash-For-Clunkers-Cause-Car-Donations-To-Crash-52389547.html>

⁸ <http://www.donateacar.com/aboutus.php>

“Believe it or not, even some environmentalists are against the new law. They point out that it will end the lives of perfectly serviceable vehicles with years of life left. One way to be green is to get a more carbon-friendly car. Another way to be green is to "recycle" a car by buying used.”⁹

A *Wired* magazine article entitled “Go Green — Buy a Used Car: It’s Better Than a Hybrid” goes into further detail:

“...hybrids get great gas mileage but it takes 113 million BTUs of energy to make a Toyota Prius. Because there are about 113,000 BTUs of energy in a gallon of gasoline, the Prius has consumed the equivalent of 1,000 gallons of gasoline before it reaches the showroom. Think of it as a carbon debt — one you won’t pay off until the Prius has turned over 46,000 miles or so.

“There’s an easy way to avoid that debt — buy a used car. The debt has already been paid...

“You might feel better driving a hybrid, but you won’t necessarily be greener.”¹⁰

While it’s preferable to purchase a used car that’s not a gas guzzler, even purchasing a used guzzler may result in less carbon emissions than purchasing a more fuel efficient new car under the Clunker program.

This amendment prevents the needless destruction of hundreds of millions of dollars in assets.

If one were to assume that that each car traded in has a \$2,000 value (since the rebates are either \$3,500 or \$4,500) and that 250,000 rebates will be awarded (assuming an average of \$4,000 per rebate), that means that cars and their parts totaling \$500,000,000 will be destroyed once the \$1 billion appropriated for the Clunkers program has run out. Furthermore, if Congress extends this program without modification, an additional \$1 billion will be wasted.

Whereas the rebates represent a transfer of wealth from future taxpayers paying for this program to current owners of clunkers, the destruction of these assets represents a straight-forward elimination of wealth in a down economy. This

⁹ <http://abcnews.go.com/Business/Story?id=8154897&page=2>

¹⁰ <http://www.wired.com/autopia/2008/05/the-ultimate-pr/>

provision is comparable to a government program to buy computers or houses that are less efficient than newer models and then to destroy these assets.

Americans have lost enough wealth and opportunities because of the downturn in our economy – preventing them from purchasing or owning these traded-in vehicles deprives the economy of assets and individuals of opportunities to prosper.

Many of these vehicles are completely serviceable and would be well-used by Americans who don't have the funds to purchase more expensive cars. Owning a car can signify better access to health care and education, and higher levels of productivity in our economy.

This is a common-sense amendment

While there are many provisions within the Clunkers program that are impracticable and inefficient the House of Representatives failed to address in rushing this legislation last week within a day's notice, this is one provision that Congress cannot afford to leave unchanged.

Congress owes it to taxpayers to correct this unintended, negative consequence of the Clunkers program.

By giving car dealers the opportunity to donate traded-in vehicles to poor Americans who cannot afford adequate transportation and charities, Congress is ensuring these assets are not destroyed needlessly and that these cars continue to be serve a great need within our societies.